

Periods ended June 30, 2018



Alabama County & Municipal Government Capital Improvement Trust Fund

**Second Quarter Executive
Summary**

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Senior Vice President



Market Environment

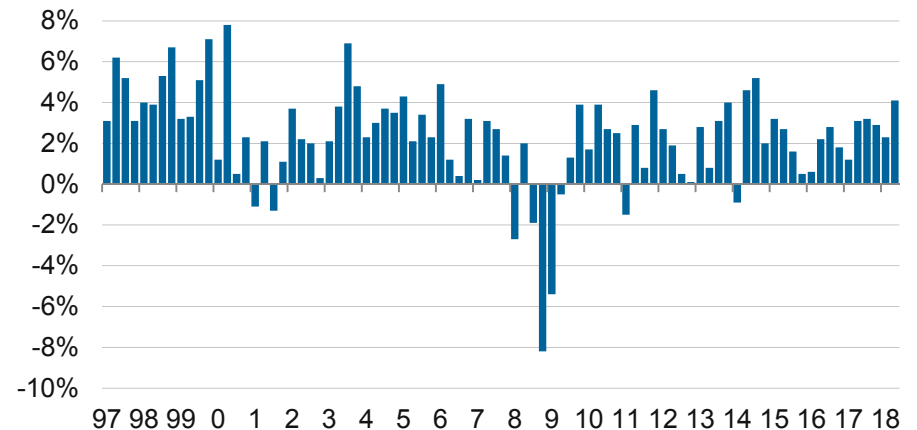
Second Quarter 2018

Global Economic Update

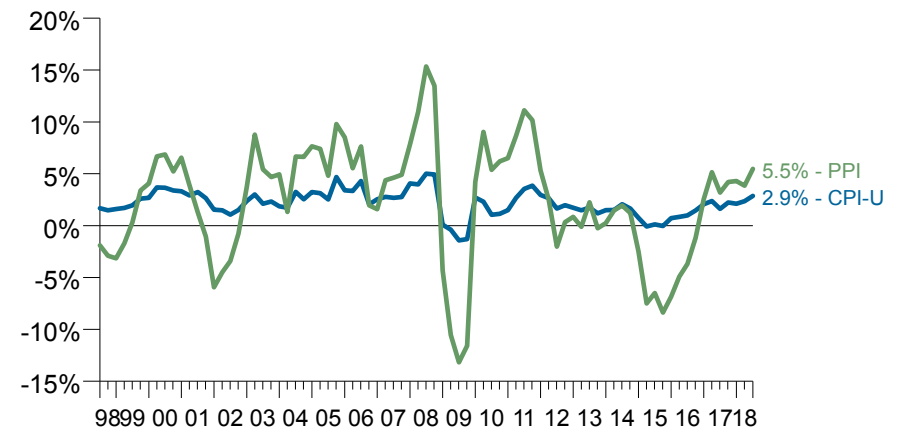
The Big Picture

- The U.S. economy continues to thrive, in contrast to headlines full of concerns about trade wars, the revival of inflation, an inverted yield curve and what it means for the coming recession.
- GDP was revised down slightly to 2.0% in the first quarter, but second quarter GDP clocked a very solid 4.1% gain .
- Labor market continues to tighten. In the U.S., unemployment fell to 3.8% in May 2018, a generational low. The U.S. is showing clear signs it is reaching the limits of full employment.
- Inflation may finally be perking up, after years of a perplexing absence. Headline CPI rose 2.9% during the quarter, continuing a gradual rise, and core CPI (ex-food and energy) rose 2.3%, slightly above the Fed's 2% target.
- Against this backdrop, the Fed raised rates for the second time in 2018, bringing the Fed Funds rate to 1.75%-2.0%. The Fed expects two more rate hikes this year and three more in 2019.
- In contrast, the euro zone is showing slower growth in 2018. Unemployment remains high, geopolitical turmoil across the zone, from Italy to Brexit, and the uncertainty from trade wars are dampening sentiment along with reported slower gains in GDP.
- China also showed signs of slowing, with industrial output and retail sales reporting growth at rates lower than expected in May and June.

Quarterly Real GDP Growth (20 Years)



Inflation Year-Over-Year



Cambridge PE data are available through March 31, 2018.

Volatility Spikes in First Quarter 2018, U.S. Market Rebound in Second Quarter

Which quarter represents the return to normal?

- Surge in volatility in February subsided through May, modest ramp back up in June, but still below “average” market volatility measures, both realized and forward-looking.
- The S&P 500 declines 10% in mid-February, but stocks quickly rebounded. The S&P 500 Index returned 3.4% in second quarter, and is up 2.7% year to date.
- Outside the U.S., both developed and emerging markets saw losses in the second quarter, and are down year to date. The Dollar rose more than 5% during the second quarter, contributing to losses for U.S. investors overseas.
- 10-year U.S. Treasury yields rose from 2.74% in March to 2.85% in June; yields are up 55 bps from June 2017.
- The Fed raised rates in March and June and signaled two more hikes this year, and three in 2019. CPI rose to 2.9% year-over-year, continuing the gradual rise begun in 2016. Wage pressures may finally be building as the unemployment rate falls below 4%.

Returns for Periods ended June 30, 2018

	1 Quarter	1 Year	5 Years	10 Years	25 Years
U.S. Equity					
Russell 3000	3.89	14.78	13.29	10.23	9.65
S&P 500	3.43	14.37	13.42	10.17	9.60
Russell 2000	7.75	17.57	12.46	10.60	9.59
Non-U.S. Equity					
MSCI World ex USA	-0.75	7.04	6.23	2.63	5.59
MSCI Emerging Markets	-7.96	8.20	5.01	2.26	--
MSCI ACWI ex USA Small Cap	-2.60	10.57	8.98	5.77	--
Fixed Income					
Bloomberg Barclays Aggregate	-0.16	-0.40	2.27	3.72	5.13
3-Month T-Bill	0.45	1.36	0.42	0.35	2.57
Bloomberg Barclays Long Gov/Credit	-1.45	-0.78	5.10	6.79	6.99
Bloomberg Barclays Global Agg ex-US	-4.76	2.78	0.88	1.76	4.64
Real Estate					
NCREIF Property	1.76	7.13	9.76	6.22	9.24
FTSE NAREIT Equity	10.04	3.50	8.31	7.94	10.06
Alternatives					
CS Hedge Fund	0.10	4.74	3.60	3.24	--
Cambridge Private Equity*	--	--	--	--	--
Bloomberg Commodity	0.40	7.35	-6.40	-9.04	2.38
Gold Spot Price	-5.48	0.98	0.50	3.06	4.90
Inflation - CPI-U	0.98	2.87	1.54	1.42	2.25

Cambridge PE data are available through March 31, 2018.

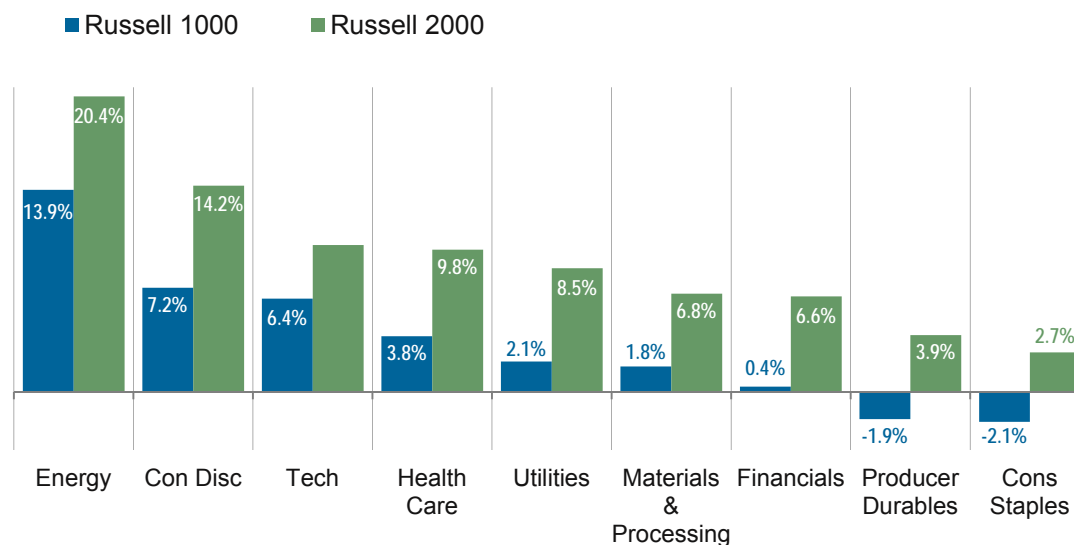
U.S. Equity Market

Periods Ended June 30, 2018

- U.S. equities (S&P 500 +3.4%) rose on a strong earnings season and positive economic data.
 - Energy was the best-performing sector (+13.5%) as oil prices trended higher after U.S. withdrew from Iran nuclear accord.
- Small cap (+7.8%) outperformed large cap (+3.6%) on trade war fears. Large cap companies derive big portion of revenues from foreign markets (S&P 500 aggregate is ~40%) and are more negatively impacted compared to their domestically focused small cap peers.
- Growth (+5.8%) continued to outperform Value (+1.2%) due to strong results in Tech (+7.1%) and Consumer Discretionary (+8.2%).
- Concentration of returns within broad indexes remains a concern. Excluding FAANG stock performance, S&P 500 performance was negative.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
Large Cap Equity						
Russell 1000 Growth	5.76	22.51	14.98	16.36	11.83	10.30
Russell 1000 Value	1.18	6.77	8.26	10.34	8.49	8.63
S&P 500 Growth	5.25	20.64	14.48	15.99	11.70	10.04
S&P 500 Value	1.40	7.58	8.82	10.45	8.44	8.38
Mid Cap Equity						
Russell Midcap Growth	3.16	18.52	10.73	13.37	10.45	11.07
Russell Midcap Value	2.41	7.60	8.80	11.27	10.06	11.04
S&P 400 Growth	3.31	15.69	11.33	13.14	10.98	11.43
S&P 400 Value	5.35	11.17	10.08	11.96	10.44	11.20
Small Cap Equity						
Russell 2000 Growth	7.23	21.86	10.60	13.65	11.24	10.95
Russell 2000 Value	8.30	13.10	11.22	11.18	9.88	9.93
S&P 600 Growth	8.97	22.50	14.37	15.54	12.66	12.57
S&P 600 Value	8.58	18.46	13.26	13.58	11.77	11.45

Economic Sector Quarter Performance as of June 30, 2018



Cambridge PE data are available through March 31, 2018.

Non-U.S. Equity Market

Periods Ended June 30, 2018

- Non-U.S. markets ended in the red as trade war talk moved into action. Although initial tariffs levied by the U.S. were targeted, retaliatory actions and supply chain disruptions broadened their effects.
 - Growth outpaced value—although no factor category showed significant strength.
 - Cyclical sectors were hurt later in the quarter as the prospect of slower growth led to reduced expectations.
 - The U.S. dollar was up, hurting non-U.S. returns. The euro and British pound were hit especially hard with the rise of populism and Brexit turmoil.
- Emerging markets sold off significantly led by China and Latin America.
 - Fears of increasing debt burdens and trade war effects impacted China.
 - Brazil affected by slower global growth, and falling sentiment hit energy and financials hard.
- Frontier markets impacted by Argentina (-42%) on continuing political unrest, severe drought, and a devaluing currency.

For Periods ended June 30, 2018

Non-U.S. Equity	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
MSCI ACWI ex USA	-2.61	7.28	5.07	5.99	2.54	7.74
MSCI ACWI ex USA Growth	-1.42	9.90	6.56	7.18	3.01	7.91
MSCI ACWI ex USA Value	-3.84	4.64	3.51	4.75	2.03	7.50
MSCI EAFE	-1.24	6.84	4.90	6.44	2.84	7.26
MSCI EAFE (local)	3.47	6.12	5.18	8.93	4.98	7.01
Regional Equity						
MSCI Europe	-1.27	5.28	4.22	6.21	2.36	7.07
MSCI Europe (local)	4.08	4.30	5.69	8.71	5.42	7.23
MSCI Japan	-2.84	10.51	6.25	7.37	3.54	6.62
MSCI Japan (local)	1.20	8.94	2.78	9.73	4.00	6.05
MSCI Pacific ex Japan	1.77	8.68	6.57	6.04	4.64	10.42
MSCI Pacific ex Japan (loc)	4.50	11.15	7.51	9.05	6.30	9.59

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
Emerging/Frontier Markets						
MSCI Emerging Markets	-7.96	8.20	5.60	5.01	2.26	10.70
MSCI Emerging Markets (loc)	-3.51	10.47	7.48	8.45	5.23	11.57
MSCI Frontier Markets	-15.19	1.69	2.15	4.55	-2.52	6.70
Non-U.S. Small Cap Equity						
MSCI EAFE Small Cap	-1.57	12.45	10.09	11.32	6.81	10.69
MSCI Em Mkts Small Cap	-8.60	5.64	2.55	4.32	4.44	11.30

Sources: Callan, MSCI

Fixed Income Market

Periods Ended June 30, 2018

- Fixed Income markets grappled with multiple issues, resulting in continued volatility.
 - Trade conflicts due to imposition of tariffs, EM elections, and rising U.S. dollar contributed to the unstable environment.
- U.S. rates rose in the second quarter and the yield curve continued its flattening trend.
 - The spread between the 2-year and 10-year ended at its lowest level (33 bps) in more than 10 years.
- Investment grade corporates faced increased headwinds during the quarter, dragging returns lower.
 - Concerns over potential trade wars and rising rates increasingly weighed on IG credit despite rising earnings and revenues.
- High yield corporates rebounded in Q2 pushing year-to-date returns into positive territory.
 - CCC-rated credits continued to outperform higher-rated credits within high yield.
 - Earnings growth remains strong and defaults remain benign amid positive economic outlook.

For Periods ended June 30, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
Broad Fixed Income						
Core Bond Style	-0.12	-0.04	2.11	2.67	4.39	4.28
Core Bond Plus Style	-0.18	0.30	2.56	3.15	5.15	4.95
BB Barclays Aggregate	-0.16	-0.40	1.72	2.27	3.72	3.77
BB Barclays Gov/Credit	-0.33	-0.63	1.83	2.29	3.78	3.71
BB Barclays Government	0.10	-0.63	1.02	1.48	2.91	3.20
BB Barclays Credit	-0.88	-0.65	2.86	3.37	5.15	4.52
BB Barclays Corporate High Yld	1.03	2.62	5.53	5.51	8.19	7.77
Long-Term						
BB Barclays Long Gov/Credit	-1.45	-0.78	4.34	5.10	6.79	5.84
BB Barclays Long Government	0.26	-0.13	3.40	4.56	6.02	5.57
BB Barclays Long Credit	-2.65	-1.30	4.95	5.48	7.30	5.99
Citi Pension Discount Curve	-2.32	-0.94	6.06	6.91	9.78	7.04
Intermediate-Term						
BB Barclays Interm Aggregate	0.09	-0.32	1.27	1.83	3.29	3.47
BB Barclays Interm Gov/Credit	0.01	-0.58	1.16	1.60	3.08	3.21
Short-Term						
Money Market Funds (net)	0.37	1.04	0.45	0.27	0.22	1.11
ML Treasury 1-3 Year	0.22	0.08	0.42	0.58	1.24	1.92
90-Day Treasury Bills	0.45	1.36	0.68	0.42	0.35	1.29

Source: Callan, Bloomberg

Style Performance Ranking

Periods Ended June 30, 2018

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Last Quarter	Year to Date	Last 10 Years	Last 20 Years
MSCI:EM Gross	Barclays Agg	Barclays Agg	Barclays Agg	MSCI:EM Gross	S&P:Dev x US Sm Cap	MSCI:EM Gross	MSCI:EM Gross	MSCI:EM Gross	Barclays Agg	MSCI:EM Gross	Russell 2000 Index	Barclays Agg	MSCI:EM Gross	Russell 2000 Index	S&P 500	S&P:Dev x US Sm Cap	Russell 2000 Index	MSCI:EM Gross	Russell 2000 Index	Russell 2000 Index	Russell 2000 Index	Russell:Midcap Index
66.42%	11.63%	8.43%	10.26%	56.28%	28.75%	34.54%	32.59%	39.78%	5.24%	79.02%	26.85%	7.84%	18.63%	38.82%	13.69%	5.92%	21.31%	37.75%	7.75%	7.66%	10.60%	9.16%
MSCI:EAFE	Russell:Midcap Index	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	S&P:Dev x US Sm Cap	MSCI:EM Gross	S&P:Dev x US Sm Cap	S&P:Dev x US Sm Cap	MSCI:EAFE	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	Russell:Midcap Index	Bmbg:Corporate High Yld	S&P:Dev x US Sm Cap	Russell:Midcap Index	Russell:Midcap Index	S&P 500	Bmbg:Corporate High Yld	S&P:Dev x US Sm Cap	S&P 500	S&P 500	Russell:Midcap Index	MSCI:EM Gross
26.96%	8.25%	5.28%	-1.37%	53.73%	25.95%	22.10%	29.43%	11.17%	-26.16%	58.21%	25.48%	4.98%	18.56%	34.76%	13.22%	1.38%	17.13%	32.38%	3.43%	2.65%	10.23%	8.87%
S&P:Dev x US Sm Cap	Russell 2000 Index	Russell 2000 Index	MSCI:EM Gross	Russell 2000 Index	MSCI:EAFE	MSCI:EAFE	MSCI:EAFE	S&P:Dev x US Sm Cap	Russell 2000 Index	S&P:Dev x US Sm Cap	S&P:Dev x US Sm Cap	S&P 500	MSCI:EAFE	S&P 500	Barclays Agg	Barclays Agg	Russell:Midcap Index	MSCI:EAFE	Russell:Midcap Index	Russell:Midcap Index	S&P 500	Russell 2000 Index
23.50%	-3.02%	2.49%	-6.00%	47.25%	20.25%	13.54%	26.34%	7.32%	-33.79%	45.07%	21.96%	2.11%	17.32%	32.39%	5.97%	0.55%	13.80%	25.03%	2.82%	2.35%	10.17%	8.03%
Russell 2000 Index	Bmbg:Corporate High Yld	MSCI:EM Gross	S&P:Dev x US Sm Cap	Russell:Midcap Index	Russell:Midcap Index	Russell:Midcap Index	Russell 2000 Index	Barclays Agg	S&P 500	Russell:Midcap Index	MSCI:EM Gross	Russell:Midcap Index	Russell:Midcap Index	S&P:Dev x US Sm Cap	Russell 2000 Index	MSCI:EAFE	S&P 500	S&P 500	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	S&P:Dev x US Sm Cap
21.26%	-5.86%	-2.37%	-7.28%	40.06%	20.22%	12.65%	18.37%	6.97%	-37.00%	40.48%	19.20%	-1.55%	17.28%	26.06%	4.89%	-0.81%	11.96%	21.83%	1.03%	0.16%	8.19%	7.87%
S&P 500	S&P 500	Russell:Midcap Index	MSCI:EAFE	MSCI:EAFE	Russell 2000 Index	S&P 500	S&P 500	Russell:Midcap Index	Russell:Midcap Index	MSCI:EAFE	Bmbg:Corporate High Yld	Russell 2000 Index	Russell 2000 Index	MSCI:EAFE	Bmbg:Corporate High Yld	Russell:Midcap Index	MSCI:EM Gross	Russell:Midcap Index	Barclays Agg	Barclays Agg	S&P:Dev x US Sm Cap	Bmbg:Corporate High Yld
21.04%	-9.11%	-5.62%	-15.94%	38.59%	18.33%	4.91%	15.79%	5.60%	-41.46%	31.78%	15.12%	-4.18%	16.35%	22.78%	2.45%	-2.44%	11.60%	18.52%	-0.16%	-1.62%	6.12%	6.54%
Russell:Midcap Index	S&P:Dev x US Sm Cap	S&P 500	Russell:Midcap Index	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	Russell 2000 Index	Russell:Midcap Index	S&P 500	MSCI:EAFE	Russell 2000 Index	S&P 500	MSCI:EAFE	S&P 500	Bmbg:Corporate High Yld	MSCI:EM Gross	Russell 2000 Index	S&P:Dev x US Sm Cap	Russell 2000 Index	S&P:Dev x US Sm Cap	S&P:Dev x US Sm Cap	Barclays Agg	S&P 500
18.23%	-10.32%	-11.89%	-16.19%	28.97%	11.13%	4.55%	15.26%	5.49%	-43.38%	27.17%	15.06%	-12.14%	16.00%	7.44%	-1.82%	-4.41%	3.78%	14.65%	-1.11%	-1.96%	3.72%	6.46%
Bmbg:Corporate High Yld	MSCI:EAFE	S&P:Dev x US Sm Cap	Russell 2000 Index	S&P 500	S&P 500	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	Bmbg:Corporate High Yld	S&P:Dev x US Sm Cap	S&P 500	MSCI:EAFE	S&P:Dev x US Sm Cap	Bmbg:Corporate High Yld	Barclays Agg	S&P:Dev x US Sm Cap	Bmbg:Corporate High Yld	Barclays Agg	Bmbg:Corporate High Yld	MSCI:EAFE	MSCI:EAFE	MSCI:EAFE	Barclays Agg
2.39%	-14.17%	-15.70%	-20.48%	28.68%	10.88%	2.74%	11.85%	1.87%	-47.67%	26.47%	7.75%	-14.49%	15.81%	-2.02%	-3.42%	-4.47%	2.65%	7.50%	-1.24%	-2.75%	2.84%	4.70%
Barclays Agg	MSCI:EM Gross	MSCI:EAFE	S&P 500	Barclays Agg	Barclays Agg	Barclays Agg	Barclays Agg	Russell 2000 Index	MSCI:EM Gross	Barclays Agg	Barclays Agg	MSCI:EM Gross	Barclays Agg	MSCI:EM Gross	MSCI:EAFE	MSCI:EM Gross	MSCI:EAFE	Barclays Agg	MSCI:EM Gross	MSCI:EM Gross	MSCI:EM Gross	MSCI:EAFE
-0.83%	-30.61%	-21.44%	-22.10%	4.10%	4.34%	2.43%	4.33%	-1.57%	-53.18%	5.93%	6.54%	-18.17%	4.21%	-2.27%	-4.90%	-14.60%	1.00%	3.54%	-7.86%	-6.51%	2.60%	4.33%

Source: Callan, Bloomberg



CMT Executive Summary

Executive Summary - Q2 2018

County & Municipal Government Capital Improvement Trust Fund

As of 6/30/18

Total Fund Assets		Quarter	1 Year	3 Years	5 Years	Since Inception
Current Assets:	\$490,962,388	Total Fund Return 0.67%	6.95%	6.67%	7.53%	5.84%
Previous Quarter:	\$507,468,976					
Target Benchmark*		0.88%	7.20%	6.59%	7.52%	-

Comments: The total fund underperformed the benchmark for the quarter and one-year period. The Fund ranked in the 69th percentile for the quarter and 88th for the one year period in the Callan Endowment and Foundation - Mid peer group. The total fund returned 7.53% for the five-year period, ranking in the 61st percentile of the Callan Endowment and Foundation - Mid peer group. Performance in the second quarter was a result of manager effect detracting 25 bps while asset allocation added 4 bps. The negative manager effect in the quarter came primarily from international equity managers while an overweight to domestic equity contributed to the positive asset allocation effect for the quarter. For the one-year period, manager effect detracted 50 bps, while asset allocation contributed 24 bps.

*Current Target Benchmark: 35.0% Barclays Aggregate Index, 25.0% S&P 500 Index, 24.0% MSCI ACXI ex-US IMI Index, 9.0% NFI-ODCE Equal Weight Net Index and 7.0% Russell 2000 Index

Relative Attribution Effects for Quarter ended June 30, 2018

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	26%	25%	3.61%	3.43%	0.04%	0.03%	0.07%
Small Cap Equity	8%	7%	7.62%	7.75%	(0.01%)	0.04%	0.03%
Domestic Fixed Income	32%	35%	(0.16%)	(0.16%)	(0.00%)	0.02%	0.02%
Real Estate	9%	9%	2.00%	1.89%	0.01%	(0.00%)	0.00%
International Equity	25%	24%	(3.71%)	(2.61%)	(0.29%)	(0.05%)	(0.34%)
Cash Account	0%	0%	0.48%	0.48%	0.00%	(0.00%)	(0.00%)
Total			0.67%	= 0.88%	+ (0.25%)	+ 0.04%	(0.21%)

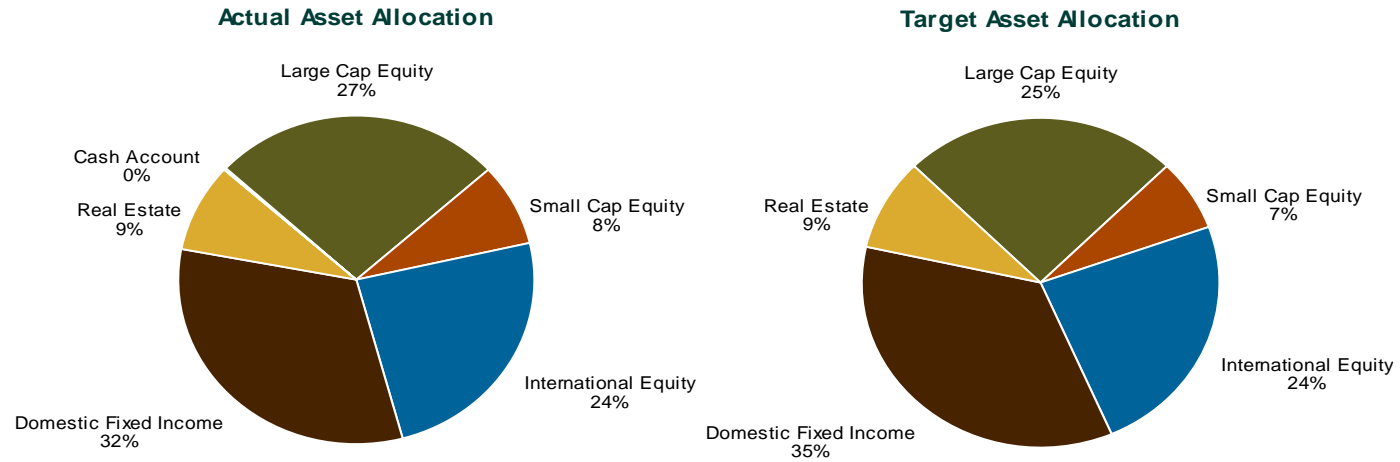
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Large Cap Equity	26%	25%	14.57%	14.37%	0.05%	0.06%	0.11%	
Small Cap Equity	8%	7%	20.85%	17.57%	0.22%	0.06%	0.28%	
Domestic Fixed Income	32%	35%	0.04%	(0.40%)	0.15%	0.17%	0.31%	
Real Estate	8%	9%	7.05%	7.68%	(0.06%)	(0.01%)	(0.07%)	
International Equity	25%	24%	4.41%	7.75%	(0.86%)	(0.01%)	(0.87%)	
Cash Account	0%	0%	1.29%	1.29%	0.00%	(0.01%)	(0.01%)	
Total			6.95%	7.20%	+	(0.50%)	+	(0.26%)

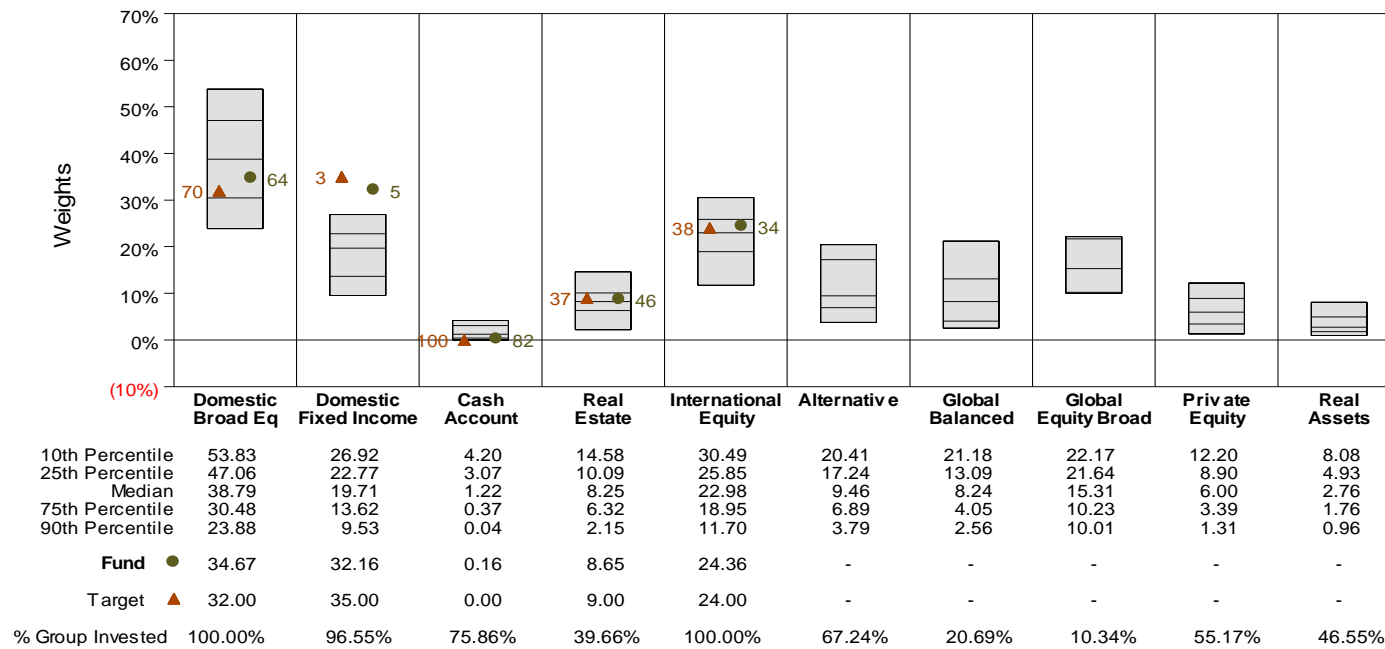
Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Large Cap Equity	26%	26%	13.40%	13.42%	(0.01%)	0.02%	0.01%	
Small Cap Equity	8%	7%	13.69%	12.46%	0.08%	(0.00%)	0.08%	
Domestic Fixed Income	35%	36%	2.74%	2.27%	0.15%	0.04%	0.19%	
Real Estate	6%	6%	-	-	0.00%	(0.03%)	(0.03%)	
International Equity	25%	25%	5.65%	6.39%	(0.21%)	(0.01%)	(0.21%)	
Cash Account	0%	0%	0.37%	0.37%	0.00%	(0.03%)	(0.03%)	
Total			7.53%	7.52%	+	0.02%	+	0.01%

Executive Summary - Q2 2018



Asset Class Weights vs Callan Endow/Foundation - Mid (100M-1B)



Executive Summary - Q2 2018

Detailed Manager Review County & Municipal Government Capital Improvement Trust Fund Second Quarter 2018

Manager	Philosophy	Performance							Quarterly Review
RSA Equity Large Cap Core Fund 									

Executive Summary - Q2 2018

Detailed Manager Review County & Municipal Government Capital Improvement Trust Fund Second Quarter 2018

Manager	Philosophy	Performance						Quarterly Review	
Thompson, Siegel & Walmsley International Value Management Fee: 65bps of total assets	The Fund employs an investment philosophy based on concepts of fundamental value. TS&W believes value investing wins over time. TS&W's definition of value is a stock that is inexpensive on a cash flow basis where positive change is also underway. Independent fundamental research adds value. All stocks in TS&W portfolios are internally generated ideas. Portfolio Managers seek to hold stocks where they have a divergent view from the market. It is imperative to manage risk/return tradeoffs. TS&W constructs portfolios from the bottom-up using fundamental research on individual stocks. Each stock-specific return opportunity is evaluated in terms of the risk undertaken to realize it. TS&W monitors and manages portfolio risk with a strong set of tools and controls.	Asset (\$M)	QTR	1 Year	2 Years	3 Years	5 Years	The fund returned -1.62% for the quarter, underperforming the benchmark by 38 bps and ranking in the 16th percentile among International Value Equity peers. Poor stock selection in the industrials sector detracted the most from relative performance. The fund outperformed the benchmark and ranked above the median peer for the three-year period.	
		Fund	\$46.6	(1.6%)	6.7%	14.0%	5.4%		
		Benchmark		(1.2%)	6.8%	13.4%	4.9%		
		Peer Rank		16	27	51	26		
		Benchmark: MSCI EAFE Index							
Algert International Small Cap Management Fee: 80 bps of total assets	The Fund believes there are mispricing's in equity markets due to well-documented behavioral and cognitive biases. They seek to identify undervalued and overvalued stocks utilizing systematic models derived from fundamental data. Drawing on academic work in accounting and behavioral finance as well internal research, they combine these models with measures of sentiment to focus risk taking on mispricing's that they believe will be corrected during the holding period. Team members use a highly automated quantitative process to test and implement these ideas, allowing them to model and trade a broad universe of stocks.	Asset (\$M)	QTR	1 Year	2 Years	3 Years	5 Years	The fund returned -5.10% for the quarter, underperforming the benchmark by 353 bps and ranking in the 99th percentile among International Small Cap Equity peers. Poor stock selection in the information technology and industrials sectors and an underweight to the UK detracted the most to relative outperformance.	
		Fund	\$13.9	(5.1%)	-	-	-		
		Benchmark		(1.6%)	-	-	-		
		Peer Rank		99	-	-	-		
		Benchmark: MSCI EAFE Small Cap Index							
Wells Capital Berkeley Street Emerging Markets Equity Management Fee: 131 bps of total assets	The Fund applies a disciplined process of buying quality companies at compelling prices with the belief that this can provide investors with returns in excess of the benchmark index with controlled levels of risk.	Asset (\$M)	QTR	1 Year	2 Years	3 Years	5 Years	The fund returned -7.07% for the quarter, outperforming the Index by 89 bps and ranking in the 7th percentile among Emerging Markets Style peers. Stock selection within the information technology and energy sectors contributed the most to relative performance. The fund outperformed the benchmark and ranked above median peer over the three-year period.	
		Fund	\$14.4	(7.1%)	5.8%	13.7%	6.8%		4.6%
		Benchmark		(8.0%)	8.2%	15.7%	5.6%		5.0%
		Peer Rank		7	57	65	39		52
		Benchmark: MSCI Emerging Markets Index							

Executive Summary - Q2 2018

Detailed Manager Review County & Municipal Government Capital Improvement Trust Fund Second Quarter 2018

Manager	Philosophy	Performance						Quarterly Review
		(\$M)	QTR	1 Year	2 Years	3 Years	5 Years	
FIAM (Pyramis) Core Bond Plus Fund Management Fee: 22.5 bps: 0 to 100M 16 bps: 100M to 250M 15 bps: 250M to 500M 12 bps: 500M+	The Core Plus strategy is designed to provide value-added performance by adhering to the following principles: team structure that facilitates multi-dimensional investment perspectives resulting in broader and higher quality idea generation; fundamental, research-based strategies, issuer and sector valuation, and individual security selection; consideration of top-down, macro views; independent quantitative understanding of all benchmark and portfolio risk and return characteristics, with an explicit understanding of all active exposures relative to the investment benchmark; and de-emphasis on interest rate anticipation.	Fund	\$81.5	(0.2%)	0.5%	1.8%	3.1%	3.3%
		Benchmark		(0.2%)	(0.4%)	(0.4%)	1.7%	2.3%
		Peer Rank		53	35	26	16	37
		Benchmark: Bloomberg Barclays Aggregate Index						The fund returned -0.23% for the quarter, underperforming the Index by 7 bps and ranking in the 53rd percentile among Core Bond Plus peers. Exposure to emerging market debt detracted from relative performance. The fund outperformed the benchmark and ranked above median peer over the one-, three- and five-year periods.
Manulife Asset Management Core Bond Plus Fund Management Fee: 25 bps: 0 to 50M 21 bps: Next 50M 19 bps: 100M+	The Core Plus Fixed Income investment team seeks to add value by anticipating shifts in the business cycle and moderating risk relative to the direction of interest rates. They capitalize on these shifts by using a research-driven process to identify attractive sectors as well as mispriced securities within those sectors.	Fund	\$76.4	(0.1%)	-	-	-	-
		Benchmark		(0.2%)	-	-	-	-
		Peer Rank		44	-	-	-	-
		Benchmark: Bloomberg Barclays Aggregate Index						The fund returned -0.09% for the quarter, outperforming the Index by 7 bps and ranking in the 44th percentile among Core Bond Plus peers. Individual security selection among the strategy's corporate bond holdings and a shorter duration relative to the benchmark contributed to relative outperformance in the second quarter.
Heitman Real Estate Management Fee: 110 bps first \$10 million, 100 bps next \$15 million, 90 bps next \$25 million, 80 bps next \$50 million, 70 bps over \$100 million	The Fund seeks to deliver to its investors a combination of current income return and moderate appreciation. In acquiring individual assets for HART, Heitman adheres to the following principles: Buy in major markets and build a portfolio that is diversified by property type, economic exposure and geography. Buy assets with strong site attributes, such as proximity to amenities, complementary land uses and transportation networks. Buy well-constructed assets with features that will continue to appeal to tenants over long periods of time.	Fund	\$42.5	2.0%	7.1%	7.5%	9.5%	-
		Benchmark		1.9%	7.7%	7.5%	8.7%	-
		Peer Rank		39	62	42	25	-
		Benchmark: NFI-ODCE Equal Weight Net Index						The fund returned 2.00% for the quarter, outperforming the benchmark by 11 bps and ranking in the 39th percentile among Open-End Real Estate Style peers. The fund outperformed the Index by 83 bps for the trailing three-year period and ranked in the 25th percentile among peers.